

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0281-02
Bill No.: Perfected SS for SB 202
Subject: Employees- Employers; Labor and Management
Type: Original
Date: April 6, 2011

Bill Summary: This proposal requires authorization for certain labor unions to withhold fees from paychecks or make political contributions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown greater than \$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration** assume they are responsible for maintaining the State's twelve labor contracts, as well as assisting agencies with union contract negotiations, union-related activities, and other union-related inquiries. This includes ensuring agencies comply with applicable statutes while assisting in these responsibilities.

Sections 33.103 and 105.504 of the proposed legislation would prohibit all state agencies and political subdivisions that currently have or could have employees covered under a labor organization, from deducting from their employees' pay, any dues, fees, assessments, or other similar charges however denominated of any kind or amount as a condition or continuation of employment, unless the employee has given written authorization to do so on a specific form ("Consent for Withholding Union Dues/Fees") as referenced in 105.504.2.

If an employee provided written authorization for a related deduction, the Office of Administration would deduct, from the withheld amount, a fee consisting of the greater of eight dollars or two percent of the amount authorized by the employee for deduction. The bill states this fee is in exchange for administering the withholding and transferring of funds to the public labor organization.

The Office of Administration would have to ensure this provision is complied with during all future negotiations.

Officials at the **Department of Labor and Industrial Relations** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, bills will be submitted to a vote of the people at the next general election. If a special election is called to submit a bill to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article I, Section 26, 27, 28 of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session.

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ASSUMPTION (continued)

Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this bill voted on during a special election in fiscal year 2012. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is Unknown greater than \$100,000. Therefore, Oversight will reflect a potential cost borne by the state in FY 2012 of over \$100,000 for reimbursement to the local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Expense</u> - reimbursement of local political subdivisions for special election costs	(Unknown greater than \$100,000)	\$0	\$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Unknown greater than \$100,000)	\$0	\$0
 <u>FISCAL IMPACT - Local Government</u>	 FY 2012 (10 Mo.)	 FY 2013	 FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - cost reimbursement from the State for special election	Unknown greater than \$100,000	\$0	\$0
<u>Expense</u> - cost for special election	(Unknown greater than \$100,000)	\$0	\$0
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act requires employee authorization before public employee labor unions can withhold fees from employee paychecks or make political contributions.

The employee must authorize the amount to be withheld and that such an amount may be used for political contributions. The employee may also stipulate to which committee their fees will

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FISCAL DESCRIPTION (continued)

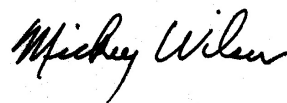
be paid. Authorizing or refraining from authorizing any amount shall in no way affect employment.

The labor union must keep records of all authorizations and submit them to the Labor and Industrial Relations Commission. The labor union will be charged the greater of eight dollars or two percent of the authorized deduction for administration expenses.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of Administration
Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 6, 2011